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Casey sparks wrangle on what Reagan knew

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A CIA Director William Casey yesterday denied under oath a published report that he had uncovered the details of the Iran-Contra affair one month before it was publicly disclosed by the Reagan administration.

In more than five hours of testimony before a closed session of the House Foreign Affairs Committee, Mr. Casey provided some new information about CIA involvement in the plan to divert to the Nicaraguan resistance proceeds from secret U.S. arms sales to Iran.

"The cast of characters has grown slightly larger," Rep. Larry Smith, Florida Democrat, said after the close of the third and final day of committee hearings.

Testimony taken in the hearings sparked an angry difference of opinion between committee members over what it revealed about President Reagan's involvement in the scheme.

Rep. Stephen Solarz, New York Democrat, said the testimony has convinced him that President Reagan ordered the diversion of funds to the rebels fighting Nicaragua's Marxist Sandinista regime.

"It is absolutely clear Lt. Col. [Oliver] North and [Vice] Adm. [John] Poindexter could not have been operating or acting on their own ... without the approval of a higher authority," Mr. Solarz said. "That higher authority was probably, indeed almost certainly, the president of the United States himself."

Mr. Solarz' assessment was angrily challenged by Rep. Michael DeWine, Ohio Republican.

"I'm frankly outraged by what he just said," Mr. DeWine said. "The testimony that I have heard, the same testimony that Mr. Solarz heard, leads me not to the same conclusion at all."

Most members of the committee

said Mr. Casey had raised more questions than he answered.

"It's like a very, very gigantic jigsaw puzzle with a puzzle on both sides, and it's three-dimensional," said Rep. Dante Fascell, the committee chairman. "You're going to have

to have quick fingers and a quick mind to get it all together.

"When all the dots are eventually linked on this," Mr. Fascell, Florida Democrat, said, "it will certainly be extraordinary."

"There were a lot of open mouths in the room," said Rep. Gerry Studds, Massachusetts Democrat. "Much of what he said is of great significance and has not to date been public."

Mr. Casey was flanked by two CIA staff lawyers at the witness table. Witnesses on the two previous days included Secretary of State George Shultz, former National Security Advisers Robert McFarlane and Adm. Poindexter and Col. North, a former NSC staff member.

Adm. Poindexter resigned and Col. North was fired from the National Security Council Nov. 25, when Attorney General Edwin Meese III announced that the arms sale funds were diverted to the Contras without presidential approval.

Michigan Rep. William Broomfield, the ranking Republican on the committee, said he had heard no new evidence to indicate the president personally approved the diversion of funds to the Nicaraguan rebels.

"The good news was that none of what he said indicated that the president knew or should have known," Mr. Broomfield said. "The bad news is that what Mr. Casey told us indicates serious errors of judgment by senior CIA personnel." He did not elaborate.

Mr. Broomfield also said yesterday he will recommend "just as soon as we possibly can" that the committee grant immunity to Adm. Poindexter and Col. North.

Unlike those two men, who refused to answer the committee's questions, Mr. Casey did not invoke the Fifth Amendment. But many members of the committee said they

were surprised and disappointed by Mr. Casey's inability to answer many questions.

"Two impressions I have are that Director Casey does not have a photographic memory and that either the left hand did not know what the right hand was doing in that place — or someone is lying," said Rep. Howard Berman, California Democrat.

Mr. Casey, as head of the nation's intelligence network, has access to secret data about covert activities around the globe. Some congressional leaders, including prominent Republicans, say Mr. Casey must have known more than he has revealed, and have called for his ouster.

Rep. Gus Yatron, Pennsylvania Democrat, said Mr. Casey had insisted that he first heard about the affair from Mr. Meese in late November.

A report in the New York Times yesterday claimed that Mr. Casey was alerted to the funneling of money to the Contra rebels about a month before Mr. Meese revealed it to the public Nov. 25.

An intelligence source familiar with the agency's operations said last night that reports claiming Mr. Casey had early knowledge of the scheme are not accurate but may

have their root in the fact that some analysts at the agency had picked up "indications" and "rumors" that some kind of irregularity involving arms and Contra funding was going on.

Mr. Yatron said Mr. Casey "was very vague" on the CIA Swiss bank account used to channel \$12 million from the Iran arms sales back to the Pentagon, and said that he heard only "rumors" about arms shipments Israel made to Iran.

Sen. Dave Durenberger, Minnesota Republican and chairman of the Senate Intelligence Committee, has said Mr. Casey had told his panel earlier that the agency was tricked into believing that shipment consisted of oil drilling equipment. CIA sources said agency officials discovered the ruse two days later.

Rep. Peter Kostmayer, Pennsylvania

nia Democrat, said Mr. Casey testified that the CIA had acted as "a facilitator" for the arms sales to Iran at the request of Col. North — and that the CIA, not the NSC, asked for Mr. Reagan's formal approval for the arms sales.

Mr. Reagan approved direct U.S. weapons sales to Iran in a secret Jan. 17 "intelligence finding," Mr. McFarlane told the panel Monday that Mr. Reagan gave verbal approval in August 1985 for indirect weapons shipments to Tehran.

But Mr. Casey "was quite clear that the CIA was not involved in the diversion of funds to the Contras," Mr. Kostmayer said. "What we need here are not politicians but accountants to figure out this financial web."

Mr. Casey also provided the committee with some new names, lawmakers said, but Mr. Fascell said the new characters "probably shouldn't be made public yet, considering their nationalities."

Elsewhere on Capitol Hill yesterday, the House Intelligence Committee held its second day of closed hearings under tight security.

Mr. Poindexter, Mr. McFarlane, and CIA Deputy Director Robert Jack Gates all appeared before the committee. Sources said Mr. Poindexter, who spent only about 15 minutes before the committee, had again refused to answer questions and cited the Fifth Amendment.

Mr. Casey and several CIA employees are expected to testify before the House panel today, two committee members said.

On the other side of Capitol Hill, the Senate Intelligence Committee met briefly as yet another witness declined to testify.

Mr. Durenberger said Robert Dutton, an associate of retired Air Force Gen. Richard Secord, invoked his Fifth Amendment rights. Gen. Secord, now a private businessman, has been identified as a key contact in the arms deal and with the Nicaraguan resistance.

Mr. Durenberger said the panel expected to hear again from Mr. Casey on Tuesday and that it had "alerted members of the Cabinet who are also members of the National Security Council that they may be called next week."

Meanwhile, the top U.S. military commander in Europe said in a separate hearing yesterday that the TOW anti-tank missiles which the

United States sold to Iran may have come from Army stockpiles in Europe.

Gen. Bernard W. Rogers said he was told last week that some of the missiles were shipped back to the United States from Europe in late 1984 or early 1985.

"I have been advised that a member of the European Command staff from Stuttgart [West Germany] ... said that the U.S. Army had been directed as near as we can determine ... to return just over 2,000 TOW missiles to the United States," Gen. Rogers told the House Armed Services Committee panel.

The general, who serves as supreme commander of all NATO forces in Europe, said he was advised of the European Command staffer's remarks by an Army officer.

Previous reports have stated that 2,008 TOW missiles were among the weapons which the United States sold to Iran.

"I don't know if there's a direct connection between that [Army shipment] and what occurred in Iran," Gen. Rogers said, adding that the missiles taken from Europe were replaced by TOW-2s, an improved version of the weapon.

Gen. Rogers said he learned of the arms sale controversy through press reports and did not know of other requests to return to the United States weapons possibly related to arms sales to Iran.

In other developments:

- ABC reported last night that Terry Waite, the archbishop of Canterbury's personal envoy in the Lebanon hostage crisis, last December attempted to go to Kuwait to try to convince that nation's leaders to release the 17 terrorist prisoners sought by the hostages' captors in Beirut. ABC said Mr. Waite's trip was made at the request of the Reagan administration.

But Kuwaiti officials refused to give Mr. Waite a visa for last December's visit, and they expressed no interest in discussing the release of the 17 men.

White House spokesman Larry Speakes denied any knowledge of an administration effort to pressure Kuwait.

- *Martin Sieff contributed to this article, which is based in part on wire service reports.*